Planning

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PLANNING

How To Best Meet Your Mission

We must plan for the future,
because people who stay in the present
will remain in the past.

Abraham Lincoln

What is Planning?

- Planning is a search problem that requires to find an efficient sequence of actions that transform a system from a given starting state to the goal state
- Planning is the starting point of the management process
- Predetermines what the business proposes to accomplish and how it intends realizing its goals

Meaning of Planning

- Planning is central to the success of any company.
- It is concerned with framing organizational objectives and determining courses of action to achieve them.
- It is the most important function of the managers at all levels.
- It is concerned with thinking before doing.
- It is a "projected course of action" or "anticipating decision making."
- It is today's projection for tomorrow's activity.
- It is a scheme for future action, to bring about specified results, at a specified cost, in a specified period of time.
- It bridges the gap between where are we now and where do we want to be.

Planning

Definition

- Planning is the informed anticipation of future. (Haimann)
- Planning is a trap laid down to capture the future. (Allen)
- Planning is anticipatory decision-making. (R L Ackoff)
- Planning is deciding in advance what is to be done in future. (Koontz)
- Planning is a thinking process, an organized foresight, a vision based on fact and an experience that is required for intelligent action. (Alford and Beatty)
- "Planning is deciding in advance, what to do, how to do it, when to do it and who is to do it." (Koontz and O'Dennell)

Nature & Characteristics of Planning

- Function of all managers.
- Goal oriented.
- Futuristic and forward looking
- Purposive
- Involves alternatives
- Involves decision making
- Flexible (adaptive to environment)
- Continuous process.
- Intellectual process (creative thinking, imagination, foresight, sound judgment, vision.etc.)
- Integrated process (structured in a logical way and plans are interdependent means one plan depends on other plan.)
- Related to control
- Secures efficiency, economy and accuracy.

Principles of Planning

- Principle of contribution to objectives
- Principle of periodicity
- Simple, clear, flexible, economic and qualitative
- Accurate, effective, balanced and practical

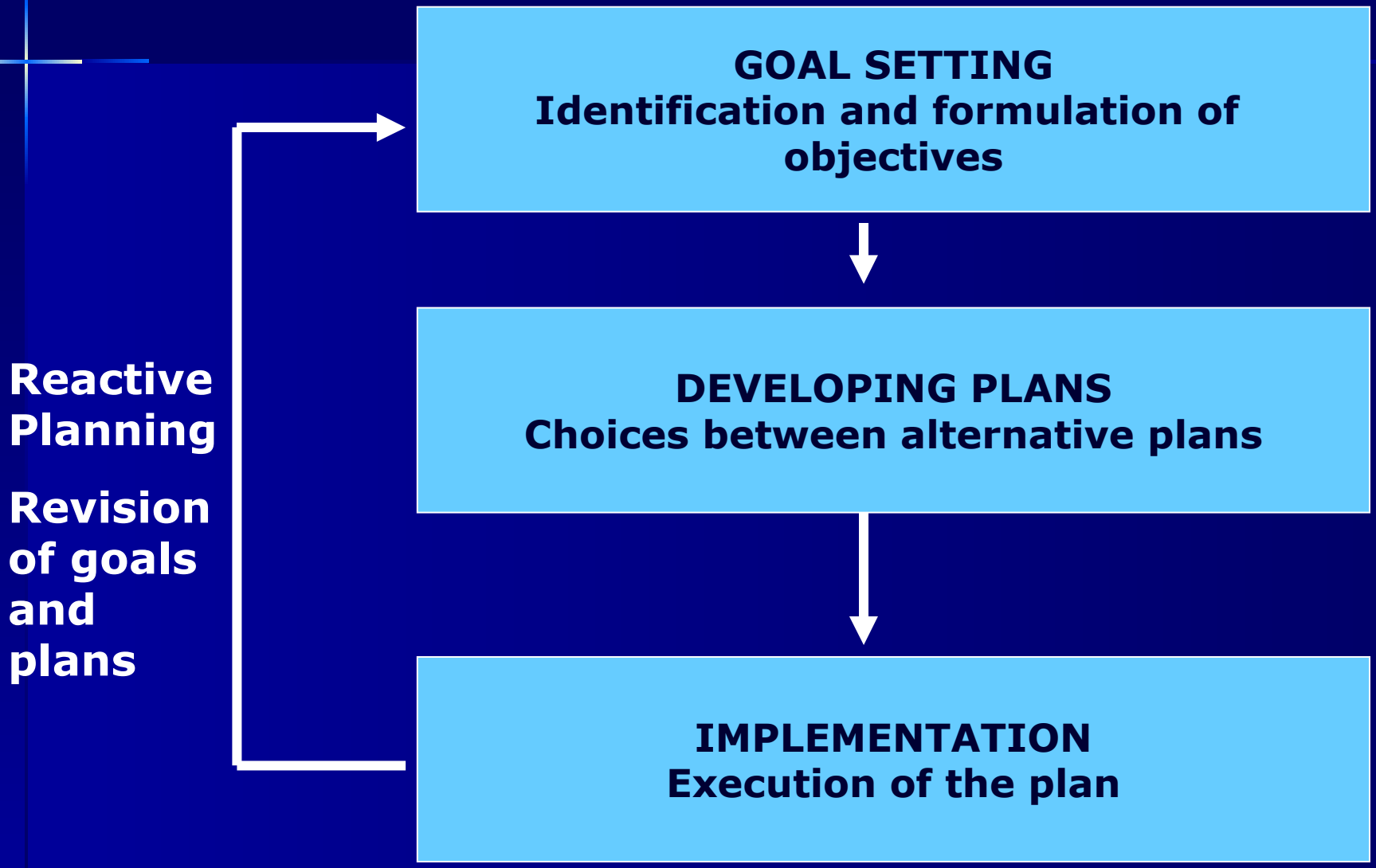
Importance of Planning

- Helps in goal achievement. (provides direction)
- Helps in effective utilization of resources
- Minimizes uncertainties
- Minimizes cost
- Provides basis for control. (facilitates control)
- Brings economy in operation. (economical)
- Avoids haphazard (irregularities) actions.
- Facilitates decision making.
- Encourages innovation and creativity.
- Managing Uncertainty
- Better Focus
- Improves Coordination
- Basis for Control
- Improves Effectiveness

Limitations of Planning

- Costly ,
- Time consuming,
- Inaccuracy,
- Affected by external limitations,
- Rigidity,
- Prevents innovation,
- Reluctant to change,
- Employee resistance etc.

The Planning Process



The Planning Process

- Planning may be seen as the identification and formulation of the objectives of a business (Goal Setting)
- Determining Planning Premises
- Analyzing the data (Identifying Alternatives)
- Evaluation & Selection
- Implementation & Review

Process of Planning

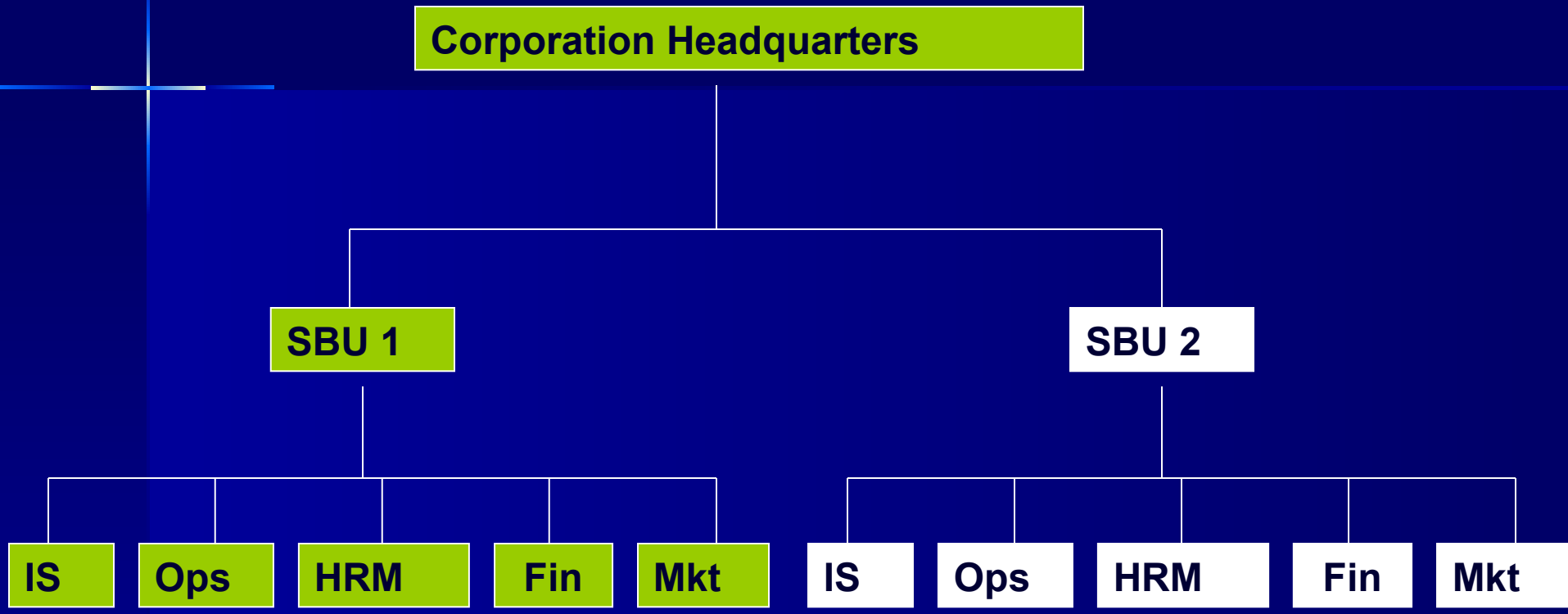
- Need identification
- Setting of objectives
- Developing planning premises (assumptions about future impact of environmental factors.)
- Developing alternative courses of action
- Evaluating alternatives
- Selection of a course of action
- Formulating derivative plans
- Securing cooperation and participation
- Implementation
- Feedback/ Follow up process

Making Planning Effective

- Linked to Long term objectives
- Consistency
- Everyone participates
- Feasible
- Flexible
- Simple
- Top Management Support

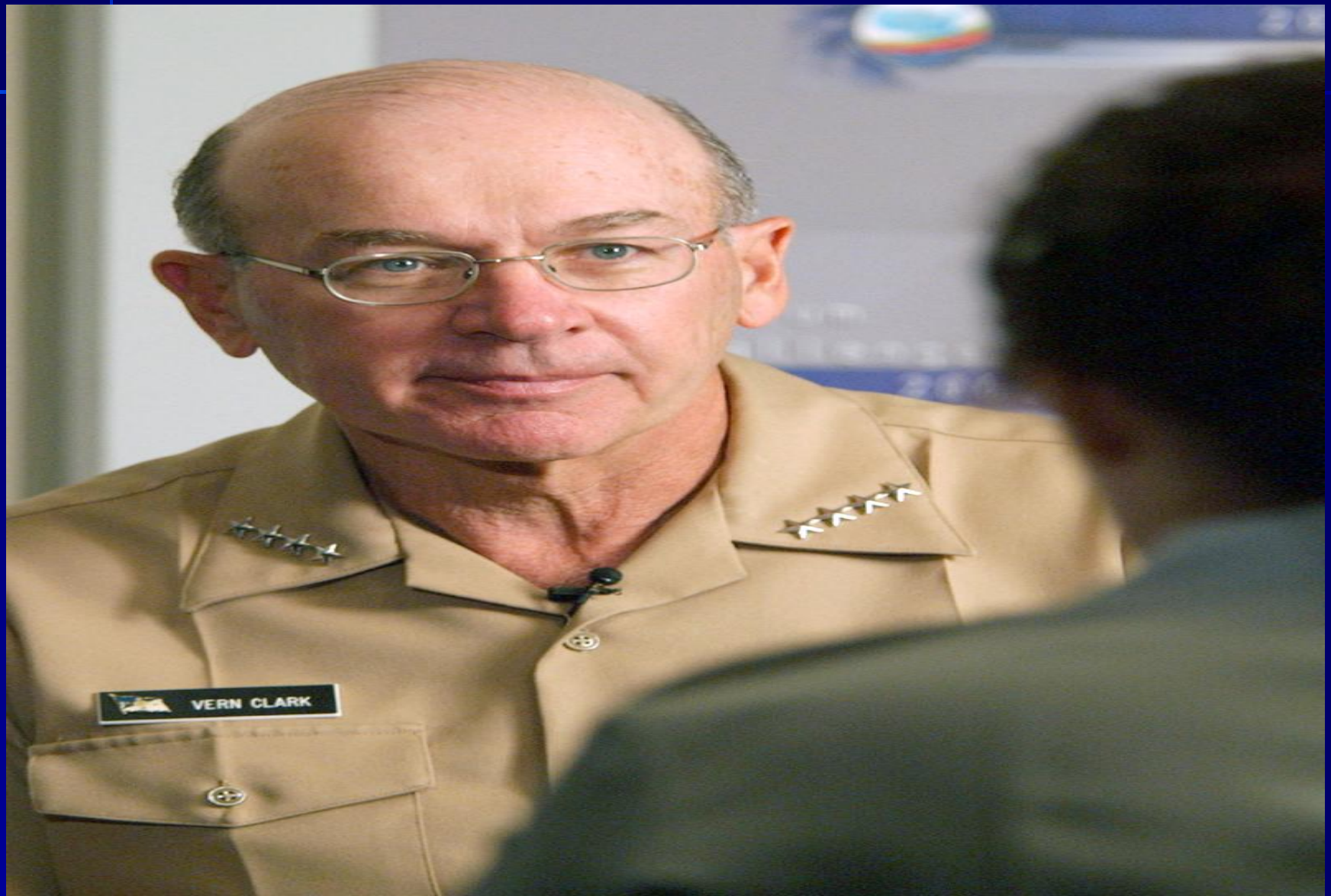
Types of Plan

- Strategic Plan (Long range plan)
- Tactical Plan (Intermediate plan)
- Operational Plan (Short range plan)
- Formal and Informal plan
- Functional & Corporate plan
- Standing & Adhoc plan
- Proactive & Reactive plan


Corporation Headquarters
SBU 1
SBU 2
IS
Ops
HRM
Fin
Mkt
IS
Ops
HRM
Fin
Mkt

External Message
Legitimacy for
investors,
customers,
suppliers,
community
Mission
Statement
Strategic Goals/Plans
Senior Management
(Organization as a whole)
Internal Message
Legitimacy,
motivation,
guides,
rationale,
standards
Tactical Goals/Plans
Middle Management
(Major divisions, functions)
Operational Goals/Plans
Lower Management
(Departments, individuals)

STRATEGIC PLANS



Strategic plan

- **Long range plan** (LRP-05 years or more)
- Basic/primary organizational plan
- Formulated by top level managers
- Helps to achieve organisational goals
- Critical to organisational success
- Helps in integrating organisation's internal environment with its external environment.

TACTICAL GOALS

Tactical Plan

- Coordinative or Intermediate plan
- Contingency or Mid-term plan
- Supportive Organizational plan
- Helps in execution of strategic plan
- Short term and less detailed in nature
- Prepared for a specific purpose
- Formulated by middle level managers
- Helps in integrating various aspects of organisation's internal environment

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Operational Plan

Short range plan (SRP-up to one year)

- Involves internal tasks and current operations
- Formulated by first line managers
- Specific and detailed
- Helps in achieving internal goals of the organisation
- Highly certain (low risk)
- Accuracy is high

Formal & Informal Plan

Formal Plan:

- A well documented plan
- A written record of what the organisation intends to do within a time frame
- Systematic and rational (balanced)

Informal Plan:

- It is only a managerial thought which is not expressed on paper
- Carried out without any direction

Functional & Corporate Plan

Functional Plan:

- It is a unit plan
- Deals with specific functional area (finance, production, marketing, HR etc.
- No unified focus

Corporate Plan:

- It outlines the broad objectives of the company as a whole and plans to meet those objectives
- It has both macro as well as micro focus
- Integrative in nature (integrates all the functional plans)
- It takes a long term view
- Focus on overall organisational performance

Standing & Adhoc Plan

Standing Plan:

- Permanent in nature
- Used over and over again for a longer period
- Helps in better administrative control
- Provides ready guide lines to deal with recurring nature of problems
- Examples: policies, procedures, methods, rules etc.

Adhoc Plan:

- Singles use plans
- Temporary plans
- Used for a specific purpose
- Short term in nature
- Examples: programs, projects, budgets etc.

Proactive & Reactive Plan

Proactive Plan:

- Planning of managing the future risks and challenges
- Involves with all future contingencies and changes
- Always ready with alternative plans and actions to face the challenges

Reactive Plan:

- Shows reaction to external challenges immediately
- Planners need to be more dynamic, active and creative
- It may prove to be costly

Key Elements of Planning

- **Objectives** :Goals to guide the efforts
- **Strategies** :Basic plans (long term) to achieve organizational goal
- **Policies** :Rules of action
- **Programme** :Sequence of related activities
- **Procedures** :Method of doing
- **Schedule** :Time table
- **Budget** :Time bound plan expressed in quantitative terms